

1 BILL NO. S-82-11-21

2 SPECIAL ORDINANCE NO. S- 220-82

3 AN ORDINANCE establishing a Deferred
4 Compensation Plan for the City of
5 Fort Wayne, Indiana.

6 WHEREAS, the City of Fort Wayne, Indiana has considered
7 the establishment of a Deferred Compensation Plan to be made
8 available to all City employees, elected officials, and independ-
9 ent contractors pursuant to the newly passed federal legislation
10 permitting such Plans; and

11 WHEREAS, certain substantial tax benefits could accrue
12 to employees, elected officials, and independent contractors
13 participating in said Deferred Compensation Plans; and

14 WHEREAS, such benefits will act as incentives to
15 City participants to voluntarily set aside and invest portions
16 of their current income to meet their future financial require-
17 ments and supplement their P.E.R.F. and Social Security, at no
18 cost to the City.

19 NOW THEREFORE, BE IT ORDAINED BY THE COMMON COUNCIL OF
20 THE CITY OF FORT WAYNE, INDIANA:

21 SECTION 1. That the Common Council of the City of
22 Fort Wayne hereby establishes the City of Fort Wayne, Indiana
23 Deferred Compensation Plan for the voluntary participation of
24 all eligible City employees, elected officials and independent
25 contractors.

26 SECTION 2. That the Mayor of the City of Fort Wayne,
27 or his designatee(s), is hereby authorized to execute on behalf
28 of the City, any and all participation agreements with each
29 participant requesting same. Furthermore, the Mayor is hereby
30 authorized to execute all agreements necessary to implement the
31 Plan including the Deferred Compensation Plan, attached hereto
32 as a part hereof as Exhibit A, two copies of which are on file

Page Two

with the Office of the City Clerk and made available for public inspection, according to law.

SECTION 3. That there shall be no cost to, nor contribution by, the City of Fort Wayne for implementing said Plan, other than incidental expenses, such incidental expenses including but not limited to, the collecting and disbursing of participants' deferrals, and other minor administrative matters.

SECTION 4. That this Ordinance shall be in full force and effect from and after its passage and any and all necessary approval by the Mayor.


Councilmember

APPROVED AS TO FORM
AND LEGALITY


Bruce O. Boxberger, City Attorney

Read the first time in full and on motion by Gia Quinta, seconded by Bradbury, and duly adopted, read the second time by title and referred to the Committee Finance (and the City Plan Commission for recommendation) and Public Hearing to be held after due legal notice, at the Council Chambers, City-County Building, Fort Wayne, Indiana, on _____, the _____ day of _____, 19____, at _____ o'clock _____ M., E.S.T.

DATE: 11-23-82

Charles W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Read the third time in full and on motion by Gia Quinta, seconded by Bradbury, and duly adopted, placed on its passage. PASSED (LOST) by the following vote:

	<u>AYES</u>	<u>NAYS</u>	<u>ABSTAINED</u>	<u>ABSENT</u>	<u>TO-WIT:</u>
<u>TOTAL VOTES</u>	<u>9</u>	_____	_____	_____	_____
<u>BRADBURY</u>	<u>✓</u>	_____	_____	_____	_____
<u>BURNS</u>	<u>✓</u>	_____	_____	_____	_____
<u>EISBART</u>	<u>✓</u>	_____	_____	_____	_____
<u>GIAQUINTA</u>	<u>✓</u>	_____	_____	_____	_____
<u>SCHMIDT</u>	<u>✓</u>	_____	_____	_____	_____
<u>SCHOMBURG</u>	<u>✓</u>	_____	_____	_____	_____
<u>SCRUGGS</u>	<u>✓</u>	_____	_____	_____	_____
<u>STIER</u>	<u>✓</u>	_____	_____	_____	_____
<u>TALARICO</u>	<u>✓</u>	_____	_____	_____	_____

DATE: 12-14-82

C. W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Passed and adopted by the Common Council of the City of Fort Wayne, Indiana, as (ZONING MAP) (GENERAL) (ANNEXATION) (SPECIAL)

(APPROPRIATION) ORDINANCE (RESOLUTION) NO. 5-220-82
on the 14th day of December, 1982.

ATTEST:

(SEAL)

C. W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Samuel J. Talarico
PRESIDING OFFICER

Presented by me to the Mayor of the City of Fort Wayne, Indiana, on the 15th day of December, 1982, at the hour of 11:30 o'clock P. M., E.S.T.

C. W. Westerman
CHARLES W. WESTERMAN - CITY CLERK

Approved and signed by me this 17th day of December, 1982, at the hour of 4 o'clock P. M., E.S.T.

Win Moses, Jr.
WIN MOSES, JR. - MAYOR

BILL NO. S-82-11-21

REPORT OF THE COMMITTEE ON FINANCE

WE, YOUR COMMITTEE ON Finance TO WHOM WAS REFERRED AN
ORDINANCE establishing a Deferred Compensation Plan for the City
of Fort Wayne, Indiana

HAVE HAD SAID ORDINANCE UNDER CONSIDERATION AND REG LEAVE TO REPORT
BACK TO THE COMMON COUNCIL THAT SAID ORDINANCE DO PASS.

MARK E. GLAQUINTA, CHAIRMAN

PAUL M. BURNS, VICE CHAIRMAN

JAMES S. STIER

VICTURE L. SCRUGGS

DONALD J. SCHMIDT

Victure L. Scruggs
DJ Schmidt
12-14-82
CONCURRED IN
DATE CHARLES W. WESTERMAN, CITY CLERK

DEFERRED COMPENSATION PLAN
OF
THE CITY OF FORT WAYNE, INDIANA

WHEREAS, the City of Fort Wayne, Indiana has considered the establishment of a Deferred Compensation Plan to be made available to all City employees, elected officials, and independent contractors pursuant to the newly passed federal legislation permitting such Plans; and

WHEREAS, certain substantial tax benefits could accrue to employees, elected officials and independent contractors participating in said Deferred Compensation Plans; and

WHEREAS, such benefits will act as incentives to City participants to voluntarily set aside and invest portions of their current income to meet their future financial requirements and supplement their P.E.R.F. and Social Security, at no cost to the City.

NOW THEREFORE, IT IS AGREED AS FOLLOWS:

SECTION 1. That the City of Fort Wayne Deferred Compensation Plan Commission is hereby established. Said Commission shall have three (3) members comprising the City Controller, the Corporation Counsel (City Attorney), and the Chairperson of the Board of Public Works. Such Commission shall be empowered to execute individual participation agreements with each and every participant requesting same.

SECTION 2. The duties of the Commission shall be:

- A. To monitor the administration of the City of Fort Wayne Deferred Compensation Plan;
- B. To advise the City of Fort Wayne regarding the operation of the Plan and the desirability of amending the Plan; and
- C. To participate in determining whether any participants in the Plan who seek to withdraw Deferred Compensation because of an unforeseeable emergency; to determine whether such a withdrawal meets the rules and regulations of the Internal Revenue Code.

Notwithstanding anything herein to the contrary, it is implicitly understood that other than incidental expenses associated with collecting and disbursing participants' deferrals, that there shall be no cost to, nor contribution by, the City of Fort Wayne associated with said Plan.

IN WITNESS WHEREOF, this document has been executed on this, the _____ day of December, 1982.

CITY OF FORT WAYNE, INDIANA

(SEAL)

BY: _____
Win Moses, Jr.
Mayor of the City of Fort Wayne

ATTEST:

Charles W. Westerman, City Clerk

PUBLIC EMPLOYEES - DEFERRED COMPENSATION

When originally conceived, the non-qualified Deferred Compensation concept was generally limited to highly compensated professionals or business executives.

In the early 1970's, a few states began showing an interest in providing non-qualified Deferred Compensation plans for all their public employees, both at the state and local level. By 1978, upwards of 45 states had enacted the necessary legislation.

In the same year, the Revenue Act of 1978 added Section 457 to the Internal Revenue Code -- Congress had given their imprimatur in the form of providing their formal legislative endorsement.

The concept is rather simple. Under a Deferred Compensation plan, the employee agrees to defer payment on part of his or her salary, hoping that he or she will be in a lower tax bracket when the deferred amounts are received.

However, before any salary reduction can begin, the plan must first be established by the employer. Generally, the plan is established and provides for voluntary participation under the Deferred Compensation "plan" in writing, adopted by the employer.

Under this arrangement - the employee agrees to defer a portion of current income until a future date when employment with the employer ceases. . . termination includes death, disability, retirement and of course separation from service.

The amounts of income deferred are invested or used to purchase an annuity and/or insurance policy as selected by the employer. The employee has no interest or rights (constructive receipt) in any policy or contract held by the employer under the "plan". The employee's rights are contractual under the salary reduction agreement. In other words, to have benefits paid as measured by the annuity or insurance he or she has selected.

The "plan" must limit participation to the individuals who perform services for it (i.e., partnerships and corporations cannot be participants). Also, the "plan" by its terms must not allow the deferral of more than \$7,500 or 33-1/3% of the employee participant's includable compensation for the taxable year, whichever is less. There are some "catch-up" provisions that can be provided in the "plan".

What are some of the advantages?

1. Under current Federal income tax laws (and most states), the amount of income deferred is not reportable as current income. Taxes should be reduced and a lower tax bracket could apply.
2. Earnings on the deferred income accumulate tax free.
3. Provides an excellent supplemental retirement benefit with before tax dollars. Not affected or made inoperative by any other benefit program.
4. Not available in the same form to employees in private industry.